

**VERMONT RAIL COUNCIL
MINUTES OF MEETING
NATIONAL LIFE BUILDING
MONTPELIER, VERMONT
August 23, 2006**

MEMBERS PRESENT: Sam Lewis, Chairperson

Dave Wulfson	Paul Guare
George Barrett	C J. "Mike" Coates
Charlie Moore	Rep. Bill Aswad
Richard Moulton	Rep. Albert Sonny Audette
John Cook	Eric Bohn
Chris Andreasson for	William McCormick

OTHERS PRESENT: Charlie Miller, VTrans Rail Operations Section
Dick Hosking, VTrans Rail Operations Section
David Dill, VTrans Deputy Secretary
Anthony Otis, Railroad Association of Vermont
Lee Khan, G.R.I.P.
J. Jeff Munger, Sen. Jeffords Office
Sen. Hull Maynard, Legislature
Charles Hunter, NECR
Frank Rogers, VP Providence & Worcester
Mary Anne Michaels, Vermont Railway
Mike Smith, Farmrail
Paul Craven
Ron O'Brien, Parsons Brinkerhoff
Andrea Sisino, VRAN
George Betke, Vermont DMU Coalition

1. Call to Order & Approval of Minutes

Sam Lewis called the meeting to order at 1 p.m. Introductions were done.

Approval of Minutes of June 8, 2006

MOTION by John Cook, SECOND by Mike Coates, to approve the 6/8/06 minutes as written. VOTING: unanimous; motion carried.

2. State Rail Policy Plan Update

Ron O'Brien, consultant, reviewed recommendations from the Infrastructure Subcommittee regarding improving the class of the track, track classification targets, including the transload facility map and performance measures in the policies and goals as a clear statement of support for the facilities, discussing improvement/reconstruction to the weight requirement at track speed on a per bridge basis, increasing hazmat improvements.

Dave Wulfson expressed concern about the formula to rate each project and only minimal allocation for hazmat, noting transporting one boxcar per month of hazardous material is very different than transporting 100 boxcars of material. Ron Olsen explained points are allocated for hazmat under the safety rating and ton/car miles. Hazmat is covered with track safety associated with track classification. Mr. Wulfson suggested the item be covered under „railroad operations freight“ as a subsection titled “H a z m a t”. The Rail Council concurred. Staff will follow up with the consultant.

Ron Olsen reviewed the Rail Policy Plan, Chapter 4 – Inventory. It was noted the Claremont Concord Railroad should not be included with Vermont railroads since the railroad is not in Vermont. There was discussion of how to represent Pan Am Railways (PAR) and Twin State Railroad (TSR). There was agreement a notation is needed explaining the railroad has not been in operation for the past two years, though there has not been any formal abandonment procedure invoked. Staff will work with the consultant to clarify the relationship between PAR and TSR.

Comments on the plan should be forwarded to Scott Bascom, VTrans, within the next two weeks.

3. Council Membership

Sam Lewis reported there are expired memberships needing reappointment, members not attending meetings, and incomplete representation per the Executive Order. Staff will publish a list of members and terms of office. Rail Council composition and appointments as well as legislative representatives being non-voting members of the Rail Council will be discussed with the Secretary of Transportation. Neale Lunderville is the newly appointed Secretary of Transportation replacing Dawn Terrill. Mr. Lunderville has a history of involvement in transportation issues.

MOTION by Dave Wulfson, SECOND by Paul Guare, to retain Charlie Moore on the Rail Council and fill another vacancy with Charles Hunter or a designee from New England Central Railroad. VOTING: unanimous; motion carried.

4. Twin State Railroad

Dick Hosking, VTrans, reported Clyde Forbes petitioned to salvage the track from the Twin State Railroad, but Guilford objected saying they own the railroad and the track. The Transportation Board agreed. Since that time, Twin State has filed a notice of abandonment within the next three years. This could be an opportunity for Vermont to designate a new operator on the line since the designee failed to maintain the Lamoille Valley lease. The matter is being handled by the attorneys of the parties involved. The option of condemning the rail line is being investigated as well. Vermont is aggressively looking to try to get service back on the line. New Hampshire owns the line from Whitefield to west of the paper company, and they want a designated operator. There was further discussion of the situation and potential to serve the paper mill by rail. Sam Lewis noted there has not been traffic on the line so assessment and evaluation are needed to bring the line to minimum standards for operation. Long term needs should be weighed as well. George Barrett commented he would ship up to 600 carloads on the line if it were

in operation. Jeff Munger stated the paper mill now running three shifts and is interested in rail service to St. Johnsbury. OMYA product is shipped to the plant by truck as are wood chips. This material could be shipped by rail if rail transport to the paper mill were available. The truck traffic is impacting the roads. The track infrastructure already exists at the plant. It was noted there are some properties available for commercial development along the rail line in east St. Johnsbury.

5. G.R.I.P.

Sam Lewis reported the Gateway Rural Infrastructure Improvement Pilot (GRIP) funded through SAFETEA-LU is working to enhance the movement of freight and passengers by rail and highway. There is a GRIP Board of Directors and four advisory groups (municipal, economic development, passenger, and regional planning). The Board of Directors includes Bill Cioffi, Francis Heald, Tom Huebrier, Rick Moulton, and Craig Newton. Projects include the Rutland rail yard, Middlebury rail spur, ABRB-E, St. Albans inter-connector, and the Wisdom Project freight management software. Lee Khan added GRIP meets monthly, and is working with VTrans on public/private partnerships, design build, and innovative financing. David Dill clarified the GRIP Board is clear on their interest not to be project managers. GRIP is an opportunity to add resources (money and people) to do what the state would be doing anyway. GRIP is not the rail authority that has been discussed in the past. It makes sense for funding to go through FHWA and VTrans, not GRIP. Sen. Hull Maynard pointed out the Legislature must authorize any spending.

Rick Moulton stated his interest is ABRB-E and the prioritization done by the Rail Council. Mr. Moulton noted he also represents the CCMPO. Sam Lewis stated the idea of GRIP is to look at interested parties and see who can do what in the best manner while fulfilling the requirements of federal funding. David Dill pointed out as an example the Bellows Falls project involves significant federal and state money and a private railroad company for the benefit of economic development in the state. Charlie Moore commended the group for taking action, and urged GRIP and VTrans to work together. Mike Coates urged the Rail Council to endorse the positive approach and cooperation of VTrans and GRIP.

There was brief mention of removing the word “advisory” from the title of Rail Advisory Council.

6. Rail Projects Update

Dick Hosking reported on the following:

- Green Mountain Railroad in Proctorville – rail being installed.

- Vermont Railway between Vergennes and Charlotte – ties are in; welded rail to be installed.

- Green Mountain Railroad – two slab bridges done, one remaining to be done.

- Connecticut River line – ties to be done this fall; working on force account agreement; procedures need to be in place to allow purchase and acquisition of material when available.

Bellows Falls Tunnel – plans are done; construction estimate is higher than budgeted; reworking scenarios to decrease construction costs; hope to start work the first week in September.

Providence & Worcester improvements – ties and decking; will handle clearance traffic by end of the construction season.

New England Central Railroad – personnel changes resulted in loss of time on some projects; the company supports the clearance project.

There was further discussion of the Bellows Falls tunnel project. Charles Hunter stated depending on the plan of action the tunnel could be in operation within 50 to 120 days. Frank Rogers, Providence & Worcester Railroad, commented from a commercial point of view there is pressure to move materials and there are costs associated with delays. Mr. Rogers urged getting the project moving and targeting the work to open some lanes of traffic as soon as possible. Bellows Falls south is a priority. In response to a question on cost overruns and engineering delays, Sam Lewis explained some ledge must be removed, but the hydro-fracturing process is too expensive so other approaches are being investigated. Dick Hosking added there have been some issues with historical structures, town requirements, Amtrak, and other matters that have surfaced. VTrans is satisfied with the engineering services from the engineering consultant (ECI). Sen. Maynard commented on having only one bidder for the project engineering. There was further discussion of soliciting more than one bid, different options to solve issues with the project, and the uniqueness of the project. Charles Hunter stated New England Central Railroad is in full support of the clearance project and ridding the line of obstructions. There was mention of freight traffic on the western side of the state which must travel through the tunnel.

7. Amtrak Update and Status of the DMU

Sam Lewis reported due to continued cost increases for Amtrak service in Vermont, the use of DMU cars is under consideration in a demonstration project. Other options mentioned include continuing with Amtrak service as presented (becoming too expensive for the state) or using bus service (there is concern about route changes or elimination of routes). During the demonstration project with the DMU cars, the Ethan Allen Express service would remain under the current Amtrak configuration. DMU cars would be used on the Vermonter route between St. Albans and Connecticut to connect with Amtrak. There would be two daily trips out of White River Junction. The route would be St. Albans to New Haven, Connecticut to White River Junction and White River Junction to New Haven, Connecticut to St. Albans. Passengers would have to transfer at the platform in New Haven to continue onto Washington, D.C. It is believed there will be an increase in the number of passengers with the extra frequency of trips and anticipated fuel cost increases. Amtrak will assist with a \$2 million grant for marketing and facility maintenance costs for the DMU cars. Operating expenses are expected to decrease from present costs using the DMUs. Environmental impacts will be lessened (less emissions). Revenues are expected to increase. Vermont must purchase the DMU equipment. The total cost of the equipment is \$17.5 million (three power cars and two trailer cars from Colorado Rail Car). For the three year demonstration project, the exposure to the state is \$1.75 million, and further, the manufacturer (Colorado Rail Car) acting as an agent for

the state will sell the equipment at 90% of the cost or buy it back at 90% of the cost if the project is not successful. The FRA will defer the first three years of payment during the demonstration project. Staff will continue to pursue federal earmarks to help reduce the remainder on the balance. A savings of \$4.25 million in operating costs is anticipated during the three year demonstration period. The cars are capable of traveling at 90 mph.

Another rail car manufacturer, Farm Rail/Industrial Rail Services, submitted a proposal for reconditioned rail cars (bud cars) at a cost of \$7.5 million, but there is risk and concern about securing FRA certification for the cars, higher life cycle costs, no buy back provision, loss of the Amtrak grant money for marketing, and higher credit risk premiums on the loan because the equipment is older.

Sam Lewis noted questions/comments were solicited from the legislators on the DMU option. Issues included cost of the Farm Rail lease of vehicles over three years, the sale of more cars by Colorado Rail after the three year period and at what cost, information on in-state travel (schedule, ticket cost, target market), train schedule information, maintenance facility information (location, requirements, cost), and a cost spreadsheet showing Amtrak service and the proposed DMU service. Amtrak will run the DMU equipment owned by the state. There will be an annual contract with Colorado Rail to do maintenance on the equipment. The maintenance facility will be located where the train overnights. The state will share the liability with Amtrak on derailments.

Charlie Moore asked about the opportunity to run on the Springfield to New Haven line which is full with freight and commuter type service by Amtrak. Charlie Miller stated slots have been identified and negotiations with CSX for the slots on their line are underway. There are ongoing discussions about the Boston to Montreal high speed rail and possible connection in Massachusetts.

Chris Andreasson, Vermont Transit, stated the anticipated 20% increase in ridership on the train will come at a cost to Vermont Transit. The bus fares for White River Junction south are higher than Amtrak. There are 60 jobs in Vermont thanks to Vermont Transit. Mr. Andreasson asked the Rail Council to be aware of this matter and consider what can be done to lessen the impact. There are 300,000-400,000 passengers annually being carried south on the route.

Mike Coates mentioned the \$10 million differential in the cost between the two DMU proposals could be used to upgrade the infrastructure to 286,000 pound rail. Mr. Coates urged due diligence to all DMU bidders. There was further discussion regarding contacting additional bidders. Charlie Miller explained Amtrak put out the request for proposals in 2003 for the type of cars under consideration. The only qualified respondent was Colorado Rail Car. Charlie Moore stressed the need to make sure due diligence was done with Colorado Rail Car and on the bud cars so the state is on solid ground.

Dave Wulfson mentioned liability, noting the train is under Amtrak agreements and operation so the exposure is the same as with the current Amtrak service. Mr. Wulfson also commented on the impact to Vermont Transit, and urged further thinking on how to

avoid negative impact to the bus service (i.e. seamless service, promote private/public partnership). Sam Lewis assured there will be discussions with Vermont Transit regarding coordination of services. Regardless of the origin of the equipment, Amtrak will run the service.

Chris Andreasson suggested a comparison of the bud cars to Colorado Rail equipment be done (i.e. maintenance record, cost, cost of service with Colorado Rail Car after the three year demonstration period is over). Sam Lewis stated the Transportation Committee will review past and projected information on Colorado Rail Car, and will do the same with the bud cars if possible. There was mention of “reconditioned” bud cars versus “remanufactured” bud cars. Sam Lewis will investigate this matter.

George Barrett questioned only contacting two rail car manufacturers. Sam Lewis explained contacting the large manufacturers (GE, Bombardier) would require drafting a set of rail car specifications along with the proposal which is out of VTrans area of expertise. It would also take time. Amtrak has already done the RFP and VTrans decided to ride on the coattail of their procurement process. Charlie Miller added the request by the state is too insignificant for the large manufacturers who typically are filling orders for over 400 cars, not two or three cars. The prototype has been seen. Presently only bi-level DMU cars are available, but these cars will not fit through tunnels in Vermont.

George Betke with Farm Rail/Industrial Rail stated there are no Colorado Rail Car DMUs in service anywhere at present. Mr. Betke expressed concern that VTrans had sole sourcing in mind with the DMU cars. Farm Rail made an offer on bud cars in August, 2002 as noted in the report by Pat Garrahan. Farm Rail submitted a proposal on remanufactured rail diesel cars on June 2, 2006. Acknowledgement of receipt was received via email only. On July 31st, Farm Rail was told VTrans had chosen the Colorado Rail Car proposal. Mr. Betke felt competing proposals were unfairly categorized as all new technology versus 50-year old technology. There was no in-depth opinion on the comparison. Mr. Betke asked if the railroad operators in the state were contacted for input or if other companies using the equipment were contacted. Mr. Betke asked if the 50-page spec book from Farm Rail was shown to Amtrak, and if the history of Colorado Rail Car which is in its fourth rendition (there have been some major equipment failures) has been thoroughly investigated. Mr. Betke contended VTrans has not done adequate due diligence on either the equipment from Colorado Rail Car or Farm Rail. There is not a single level Colorado Rail Car in existence. The only one was destroyed in a fuel fire which is under investigation. There is a gag order on what happened in the incident. Mr. Betke stated a direct comparison of the two pieces of equipment is needed, including seating capacity, acceleration, fuel consumption. It is a false statement to say Amtrak will not use RDC cars. There is documentation from Amtrak encouraging use of this type of equipment. The statement that RDC cars cannot meet crash worthiness standards can be argued because the standards were not in place when the equipment was built so the cars are “grandfathered”, and Farm Rail engineers and the FRA feel the cars can be re-engineered to meet current standards. The issue of new construction versus reused frame and shell needs further investigation since Colorado Rail Car has used trucks salvaged from other vehicles. The bi-levels are heavier

cars so a new frame is needed. Vermont would be paying for a new frame and body shell. Farm Rail has acquired the same secondhand and at less cost. On the bud cars from Farm Rail all the operating systems are new. Farm Rail will stand behind the state for a three year demonstration project with bud cars, assured Mr. Betke. The life of the RDC is at least 56 years while the Colorado Rail Car single level car lasted less than three years (burned up). The SPV2000 was less than 15 years. Regarding the financing through the FRA for Colorado Rail Car equipment, Mr. Betke urged thoroughly investigating the matter since the same loan financing is available for RDCs.

Mr. Betke asked the Rail Council and VTrans to consider the following:

Why hasn't Amtrak acquired and tested any model of Colorado Rail Car? Why not use the equipment for service in New Mexico which is nearby to the manufacturer?

Why is so generous a repurchase incentive being offered by Colorado Rail? Recall the history of the closings and liquidations by the company when considering the buy back offer.

Regarding new design history, there is not much information available. Due diligence on the RDC option presented four years ago should be done. Look closer at the RDC option in light of the stated requirements and financing.

Refurbished means internal improvements (seats, paint, and such).

Remanufactured means the equipment has been stripped to the frame.

The shell, frame and trucks are reused. The cost is \$1.6 million for the power cars and \$1.35 million for the trailer cars.

Consider having five powered cars for the state routes as proposed.

The cost would be \$5.2 million.

The RDC cars can travel at a top speed of 90 mph.

Who will maintain the cars? Amtrak will provide the engineer.

Someone else will do the maintenance. It is logical to do maintenance in the state.

The warranty in the proposal by Farm Rail is the manufacturer's warranty on components and warranty by Industrial Rail for the three year demonstration project.

A demo car (remanufactured) from Farm Rail could possibly be available for Vermont Rail Day.

Dave Wulfson stated what is being described as „remanufacturing of a locomotive with all new components is standard operating procedure in the industry in light of the cost of steel and such. The equipment can be recertified as “new”.

Paul Guare urged staff to make the presentation on the DMU and RDC cars to the Secretary of Transportation.

Dick Hosking noted the goal is beyond the three year demonstration period with the rail cars. Mr. Betke interjected the life span and the cost of the Colorado Rail Car equipment to the RDCs indicates a prudent decision to go with the lower cost unit. It was clarified

Amtrak will run any equipment that is certified. The FRA capital loan is separate from the \$2 million grant from Amtrak which applies only with the Colorado Rail Car equipment.

Rep. Sonny Audette commented the options appear to be a way to keep Amtrak costs under control. Sam Lewis stated the existing service costs will continue to be paid by the state until a change in the delivery of service is made.

8. Other Business

Vermont Rail Day

Potentially scheduled for the end of October in Bellows Falls. More information to come.

Rail Council Next Meetings

October 25, 2006 (Wednesday) and December 7, 2006 (Thursday).

9. Adjournment

The meeting was adjourned at 5:40 p.m.

Minutes respectfully submitted by M.E.Riordan, Recording Secretary.

To Do List from 8/23/06 Rail Council Meeting:

1. Mr. Wolfson suggested hazmat be covered under „railroad operations freight as a subsection titled “Hazard”. The Rail Council concurred. Staff will follow up with the consultant.
2. Staff will work with the consultant to clarify the relationship between PAR and TSR.
3. Staff will publish a list of Rail Council members and terms of office.
4. Rail Council composition and appointments as well as legislative representatives being non-voting members of the Rail Council will be discussed with the Secretary of Transportation.